

## DECISION MEMORANDUM

**TO:** COMMISSIONER KEMPTON  
COMMISSIONER SMITH  
COMMISSIONER REDFORD  
COMMISSION SECRETARY  
COMMISSION STAFF  
LEGAL

**FROM:** NEIL PRICE  
DEPUTY ATTORNEY GENERAL

**DATE:** OCTOBER 2, 2009

**SUBJECT:** AVISTA'S 2009 ELECTRIC INTEGRATED RESOURCE PLAN (IRP);  
CASE NO. AVU-E-09-09

On August 31, 2009, Avista Corporation dba Avista Utilities ("Avista") filed its 2009 Electric Integrated Resource Plan (IRP) with the Commission pursuant to the Commission's biennial IRP filing requirements mandated in Order No. 22299, and later modified in Order No. 24729 and Order No. 30262.

### AVISTA'S INTEGRATED RESOURCE PLAN

Avista is headquartered in Spokane, Washington and serves electric customers in northern Idaho. Avista states that the 2009 IRP "guides the utility's resource acquisition strategy over the next two years and the overall direction of resource procurements for the remainder of the 20-year planning horizon." IRP Executive Summary at i. Avista also states that its "Preferred Resource Strategy (PRS) is a mix of renewable resources, conservation, upgrades at existing facilities, and new gas-fired generation." *Id.*

The following is a summary of the Company's 2009 IRP filing:

- Avista contends that conservation and plant upgrades will not be enough to compensate for an anticipated 1.7 percent energy and capacity load growth and the expiration of long-term contracts in the future. *Id.* The Company estimates that it will experience annual energy deficits beginning in 2018, increasing to 126 aMW in 2022 and 527 aMW in 2029. *Id.* Capacity deficits are forecasted to be 139 MW in 2022 and 667 MW in 2029. *Id.*
- Avista states that the development of its PRS began with the "identification and quantification of potential new resources" to serve

future resource demands. *Id.* at iii. Avista then performed a Western Interconnect-wide study “to understand the impact of regional markets. . . .” *Id.* The Company subjected data developed “from over 250 iterations of potential future conditions” to a “Monte-Carlo style analysis” and “the results were used to estimate the Mid-Columbia electricity market. . . .” *Id.* Ultimately, the selection of the PRS was “based on forecasted energy and capacity needs, resource values, state mandated portfolio standards, and limiting power supply expense variability.” *Id.*

- The IRP notes the strong correlation between natural gas prices and electricity prices because gas-fired generation is currently the marginal resource relied upon within the Western Interconnect. *Id.* at v. The Company forecasts that the “Mid-Columbia market price is expected to average \$79.56 per MWh in 2009 dollars” through 2029. *Id.* at iv.
- Avista again included carbon emissions in its “Base Case” cost estimates. *Id.* at ix. *Id.* Not surprisingly, the Company projects a precipitous rise in carbon dioxide emissions prices over the next twenty years. *Id.*, Figure 8, at viii.
- The 2009 PRS aims for an additional 250 of Nameplate (MW) Capacity of Combined Cycle Combustion Turbine (CCCT) by 2019, 2024 and 2027; 150 MW of NW Wind by 2012 and 2019, and 50 MW by 2022; 5 MW of Distribution Efficiencies by 2010-2015; 5 MW in Upgrades to its Little Falls and Upper Falls hydro facilities by 2020; 339 MW of conservation throughout the planning period. *Id.*, Table 2, at viii.

### STAFF RECOMMENDATION

Staff has reviewed Avista’s 2009 IRP and recommends that the Company’s filing be processed through Modified Procedure. Staff recommends a 60-day comment period.

### COMMISSION DECISION

Does the Commission wish to process Avista’s 2009 IRP filing through Modified Procedure? Does the Commission wish to establish a 60-day comment period?



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Deputy Attorney General

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